

# A Grand Strategic Narrative

## Managing China's Emergence Is New Challenge

Each historical period needs a grand strategic narrative. After the Japanese attack on Pearl Harbor and the German declaration of war, the United States had to decide whether the dominant "strategic pivot" for World War II was to be in the Pacific or the Atlantic. The strategic evaluation found concise

expression in two words and an exclamation point: "Germany first!"

During the Cold War, the grand strategic narrative was about deterring all-out nuclear war with the Soviet Union. Every other consideration was secondary. In addition to avoiding all-

out nuclear war, the prosperity of the Western union was based initially on aid through the Marshall Plan, the establishment of the European Union, and, in the case of West Germany, the success of a stable *Deutschmark*. This narrative required little

intellectual underpinning: The Soviet threat to Western Europe was visible, and the Berlin Wall a stark reminder of what was at stake. No doubt, Western Europe prospered under the US nuclear umbrella. And then the wall came down in November 1989.

The new grand strategic narrative is about the rise of China and the complex effects of globalization — the flow of goods, raw materials/energy, people, information and capital. The rise of China and globalization are two sides of the same coin.

As we described above, the old narrative was dominated by matters military; the new one has a mere military chapter. Two lessons can be drawn: The relevance of military forces has to be reviewed in the light of new challenges and technological advances; and the complex effects of globalization need to be explained to a largely skeptical public on both sides of the Atlantic. The new narrative is no longer intuitive; it needs to be told.

What does this mean for the trans-Atlantic relationship?

Which role will Europe play in the context of the US pivot to Asia?

First, the fear in some European circles that America is abandoning Europe is plainly wrong. On the contrary, the strategic assessment that the United States needs to concern itself with the rise of China is based on the assumption that Europe is stable and can look after itself. This is an American vote of confidence.

The euro is more than a common currency, it is a strategic project in the context of the new narrative. Washington cannot afford to allow Europe to implode. The main threat to European cohesion is not a Russian attack but the debt crisis in the eurozone.

Second, one of the main challenges of the rise of China is the need to bring its currency into the family of internationally responsible reserve currencies. For this, the US dollar requires partners. In terms of sheer volume and political affinity, these partner currencies are foremost the Japanese yen and the euro.

It is against this background that the Obama administration initiative to seek a new trans-Atlantic free trade association has to be gauged: It is of a strategic nature. It is not about dumping gene-manipulated food on skeptical Europeans or preventing Airbus from making further inroads into Boeing territory.

Predominantly, a trans-Atlantic free trade zone is about setting "universally applicable" standards (good governance, anti-corruption, rule of law, property rights) that have an impact on a future trans-Pacific partnership.

The above standards are likely to be accepted by countries such as Australia, Japan, South Korea and Singapore. Can China and India afford to stay aloof? In other words, the standards of a trans-Atlantic free trade zone are the underpinning of globalization. The asymmetrical rise of China is linked to globalization.

Why is the rise of China asymmetrical? Because the Middle Kingdom is not going to repeat the fatal Soviet mistake in challenging the United States to an

arms race that it cannot win. Thus, China employs its growing military potential with a view to impact its immediate neighbors (through its claim to the "first chain of islands"), and will not seek to match the US Pacific aircraft carrier fleet one-to-one.

Instead, anti-access/area-denial is the key to Chinese strategy. The rise of the Chinese currency as an international reserve currency is integral to the long-term grand strategy of Beijing.

As mentioned earlier, the new strategic narrative has a military chapter. With a view to the trans-Atlantic relationship, this means that NATO, after the withdrawal from Afghanistan, has a new lease on life. It is an anchor of stability in Europe, making the US Asian pivot possible, and it is a toolbox for those partners wishing to engage with the United States in Asia.

In this context, the innovative call by former US Chief of Naval Operations Adm. Mike Mullen for a "1,000-ship navy" comes to mind. This virtual fleet allows for ad-hoc coalitions for anti-piracy operations in the Strait of Malacca as well as defending the Strait of Taiwan. Against this background, it is the predominant task of the Europeans to get their military act together in terms of serious "pooling and sharing." □



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